

**THE STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DG 14-239**

**NORTHERN UTILITIES, INC.**

**2014-2015 Winter Period Cost of Gas Adjustment**

**ORDER OF NOTICE**

On September 16, 2014, Northern Utilities, Inc. (Northern), a public utility supplying natural gas service to approximately 29,000 customers in the seacoast region of New Hampshire, filed its proposed cost of gas (COG) rates for the winter period November 1, 2014, through April 30, 2015. Northern also proposed its local distribution adjustment clause (LDAC) charges and certain supplier charges for the year November 1, 2014, through October 31, 2015. The petition and subsequent docket filings, other than information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2014/14-239.html>.

The proposed residential COG rate is \$1.1069 per therm, a \$0.2053 per therm increase from last winter's weighted average residential COG rate of \$0.9016 per therm. The estimated impact of the proposed COG and LDAC rates on a typical residential heating customer's winter period bill is an increase of approximately \$140, or 14 percent, compared to last winter. When combined with the base rate increases approved by Order No. 25,653 (Apr. 21, 2014) in Docket No. DG 13-086, the expected increase is \$226, or 23 percent, above last winter's average cost of \$970. The proposed commercial/industrial low winter use COG is \$1.0063 per therm and the proposed commercial/industrial high winter use COG is \$1.1217 per therm.

A variety of components make up the proposed LDAC charges of \$0.0649 per therm for all residential customers and \$0.0437 per therm for all C&I customers, which represents a decrease from the current residential LDAC charge of \$0.0692 per therm and an increase from the current C&I LDAC charge of \$0.0430 per therm. The proposed surcharge to recover expenses and lost revenues related to the residential low income assistance program and regulatory assessment expense is \$0.0078 per therm, an increase from the current charge of \$0.0065 per therm. The proposed surcharge to recover environmental remediation costs is \$0.0018 per therm, a decrease from the current charge of \$0.0031 per therm. The proposed conservation charge for residential customers is \$0.0350 per therm, a decrease from the current charge of \$0.0393 per therm. The proposed conservation charge for C&I customers is \$0.0138 per therm, an increase from the current charge of \$0.0131 per therm. The LDAC charge also includes a rate case expense charge of \$0.0042 per therm and reconciliation of permanent changes in delivery rates charge of \$0.0161 per therm, charges approved in the delivery rate case effective May 1, 2014, through October 31, 2015.

Northern is also updating its supplier balancing charges, which are the charges that suppliers are required to pay Northern for balancing services as Northern attempts to meet the shifting loads for the customers' supplier pools. The proposed balancing charge of \$0.77 per MMBtu of daily imbalance volumes is unchanged from the current rate. The proposed peaking demand charge of \$18.86 per MMBtu of peak maximum daily quantity is an increase from the current charge of \$14.89 per MMBtu. The changes are based on an update of the volumes and costs used in calculating the charges. The proposed capacity allocator percentages used to allocate pipeline, storage and local peaking capacity to a customer's supplier under New Hampshire's policy of mandatory capacity assignment, required for firm transportation service,

have been updated to reflect Northern's supply portfolio for the upcoming year. Finally, the proposed re-entry fee for capacity exempt (grandfathered) transportation customers that choose to revert back to firm sales service is \$5.79 per MMBtu, an increase from the current rate of \$4.91 per MMBtu.

The filing raises, inter alia, issues related to RSA 378 relative to the justness and reasonableness of rates, forecasting of sales, supplier and transportation prices, the firm sales service re-entry fee, purchasing decisions related to the current and past winter supplies and capacity, revenue projections related to transportation services and released capacity, cost allocations between Northern's New Hampshire and Maine divisions, the causes and treatment of any over and under recoveries, the reconciliation of prior period costs and revenues, the recovery of expenses relative to the federal rate case litigation, and the prudence of environmental remediation costs for which recovery is being sought. Each party has the right to have an attorney represent them at its own expense.

**Based upon the foregoing, it is hereby**

**ORDERED**, that a hearing be held before the Commission located at 21 S. Fruit Street, Suite 10, Concord, New Hampshire on October 23, 2014, at 9:00 a.m.; and it is

**FURTHER ORDERED**, Northern, the Staff of the Commission, and any intervenors hold a technical session at the Commission on October 14, 2014, at 1:00 p.m.; and it is


**FURTHER ORDERED**, that pursuant to N.H. Admin. Rules Puc 203.12, Northern shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than September 26, 2014, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before October 21, 2014; and it is



**FURTHER ORDERED**, that pursuant to N.H. Admin. Rules Puc 203.17, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to Northern and the Office of the Consumer Advocate on or before October 21, 2014, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Admin. Rule Puc 203.17 and RSA 541-A:32,I(b); and it is

**FURTHER ORDERED**, that any party objecting to a Petition to Intervene make said Objection on or before October 23, 2014.

By order of the Public Utilities Commission of New Hampshire this twenty-second day of September, 2014.

  
Debra A. Howland  
Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability, should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

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**SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED**

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**Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.**

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**FILING INSTRUCTIONS:**

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with: DEBRA A HOWLAND  
EXEC DIRECTOR  
NHPUC  
21 S. FRUIT ST, SUITE 10  
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.